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Message Text

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PART THREE OF THREE

E.O. 11652: XGDS-3

TAGS:PFOR, UNGA

SUBJECT: UNGA-S/S SPEECH - DRAFT SIX

FOR LORD FROM S/P - LEWIS

412. THE RELATIONSHIP OF THE DEVELOPING COUNTRIES TO

THE WORLD TRADING SYSTEM MUST BE IMPROVED STRUCTURALLY,

IN TWO WAYS.

413. FIRST, WE MUST PROVIDE FOR MORE FAVORABLE TREATMENT

FOR DEVELOPING COUNTRIES WHEN THEY ARE AT THE CRITICAL

STAGE OF DEVELOPMENT.

424. SECOND, AS DEVELOPING COUNTRIES ACHIEVE A HIGHER

LEVEL OF PROGRESS, THEY MUST GRADUALLY ACCEPT THE
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OBLIGATIONS OF RECIPROCITY AND STABILITY OF TRADING

ARRANGEMENTS TO WHICH OTHER ADVANCED COUNTRIES SUBMIT.

415. WE MUST APPLY BOTH THESE PRINCIPLES -- AND WITH

EQUAL FORCE.

416. WE KNOW THAT AT THE CRITICAL STAGE IN DEVELOPMENT,

THE MOST PROMISING NEW EXPORT OPPORTUNITIES ARE IN THE

MANUFACTURING SECTORS. BUT THE TARIFFS THAT INDUSTRIAL

COUNTRIES IMPOSE ON IMPORTS OF MANUFACTURERS CAN BE AN

IMPORTANT OBSTACLE TO TRADE AND DEVELOPMENT. I AM HAPPY,

THEREFORE, TO ANNOUNCE THAT ON JANUARY 1, 1976, THE

UNITED STATES WILL PUT INTO EFFECT ITS PROGRAM OF

GENERALIZED TARIFF PREFERENCES FOR DEVELOPING COUNTRIES.

BEFORE JANUARY 1, WE WILL BEGIN CONSULTATIONS AND

PRACTICAL ASSISTANCE TO ENABLE EXPORTING COUNTRIES TO

BENEFIT FROM THIS SYSTEM AND THE NEW TRADE OPPORTUNITIES

THAT IT MAKES AVAILABLE.

417. AN ISSUE OF PERHAPS EVEN GREATER IMPORTANCE IS THE

SYSTEM OF PROTECTION IN THE INDUSTRIALIZED COUNTRIES THAT

FAVORS THE IMPORT OF RAW MATERIALS OVER THE IMPORT OF

MANUFACTURED OR PROCESSED GOODS. MANY COUNTRIES IMPOSE

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LOW OR NO DUTIES ON THE FORMER AND HIGH DUTIES ON THE

LATTER. THE TARIFF PROTECTION INCREASES OR "ESCALATES"

WITH THE DEGREE OF PROCESSING. TARIFF ESCALATION AND

NON-TARIFF BARRIERS TO PROCESSED GOODS DISCOURAGE AND

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ON THE USE OF COUNTERVAILING DUTIES TO OFFSET GOVERNMENT

SUBSIDIES, WE ARE PREPARED TO PERMIT CERTAIN FORMS OR

DEGREES OF SUBSIDY TO ACHIEVE PARTICULAR DEVELOPMENT

OBJECTIVES WITHOUT TRIGGERING COUNTERVAILING ACTION.

420. FINALLY, WE SHOULD WORK FOR AN EARLY AGREEMENT ON

THE TROPICAL PRODUCTS THAT ARE A MAJOR SOURCE OF EARNINGS

FOR THE DEVELOPING WORLD. THE UNITED STATES INTENDS TO

IMPLEMENT ITS TARIFF CUTS ON TROPICAL PRODUCTS AS SOON AS

THE PACKAGE HAS BEEN NEGOTIATED, RATHER THAN AWAIT THE

COMPLETION OF THE TRADE NEGOTIATIONS.

421. BUT DEVELOPING COUNTRIES MUST REALIZE THAT SUCH

PREFERENTIAL TREATMENT CANNOT BE MAINTAINED INDEFINITELY

WITHOUT REGARD TO THE LEVEL OF PROSPERITY. AT SOME POINT,

THE DEVELOPING COUNTRIES SHOULD BE PREPARED TO COMPETE

WITHOUT TARIFF PREFERENCES AND WITHOUT SPECIAL EXCEPTIONS

ON NON-TARIFF BARRIERS. AND THE CONCESSIONS GRANTED THEM

LIMIT THE GROWTH OF MANUFACTURING INDUSTRIES IN DEVELOPING

COUNTRIES. IN THE TRADE NEGOTIATIONS, THE UNITED STATES

WILL NEGOTIATE TO REDUCE THESE BARRIERS.

418. THE REDUCTION OF BARRIERS TO PROCESSING WILL NOT

BE TENABLE IF THE BENEFICIARIES WITHHOLD OR INTERFERE

WITH NORMAL SUPPLY. IN THE TRADE NEGOTIATIONS WE PROPOSE

TO NEGOTIATE RULES LIMITING AND GOVERNING THE USE OF

EXPORT RESTRAINTS, MUCH ALONG THE LINES OF EXISTING RULES

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THAT GOVERN IMPORT RESTRAINTS. WE WILL BE PREPARED TO
NEGOTIATE SPECIFIC COMMITMENTS TO GUARANTEE ACCESS TO
SUPPLY ON OUR ACCOUNT, AND OTHERS.

419. WE MUST ALSO CONSIDER HOW THE RULES ON NON-TARIFF
BARRIERS MIGHT BE ADAPTED TO THE SITUATION OF DEVELOPING
COUNTRIES. WE RECOMMEND THAT IN THE NEGOTIATIONS ON
GOVERNMENT PROCUREMENT PRACTICES, WE GIVE SPECIAL
CONSIDERATION TO DEVELOPING COUNTRIES. IN THE NEGOTIATIONS
IN THIS AND EARLIER NEGOTIATIONS CANNOT BE MAINTAINED IF
THEY DO NOT THEMSELVES CONTRIBUTE TO THE SUCCESS OF THE
TRADE NEGOTIATIONS.

422. SECOND, (BEGIN UNDERLINE) FOOD SECURITY. (END
UNDERLINE)

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423. THE UNITED STATES HAS SOUGHT TO MAKE COOPERATION
IN ONE AREA IN WHICH ITS ECONOMY IS STRONG -- FOOD
PRODUCTION -- A MODEL FOR REALISTIC AND COOPERATIVE ACTION
ON OTHER INTERNATIONAL ECONOMIC ISSUES. AT THE WORLD FOOD
CONFERENCE WE PROPOSED AN INTERNATIONAL SYSTEM OF FOOD
RESERVES, NATIONALLY HELD, TO ENSURE ADEQUATE FOOD
SUPPLIES DESPITE FLUCTUATIONS IN PRODUCTION. THE
PHILOSOPHY BEHIND OUR APPROACH WAS THAT THROUGH INTER-
NATIONAL AGREEMENT ON THE MANAGEMENT OF FOOD BUFFER STOCKS,
WE COULD ENSURE THE WORLD BETTER MARKETS FOR FOOD, GREATER
AVAILABILITY OF FOOD WHEN AND WHERE IT WAS NEEDED, AND

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GREATER STABILITY IN WORLD FOOD PRICES.

424. SINCE THE WORLD FOOD CONFERENCE, WE HAVE ELABORATED

OUR PROPOSALS. PRELIMINARY NEGOTIATIONS HAVE HAD LIMITED

RESULTS, AS IMPROVED HARVESTS SEEMED TO DIMINISH THE

IMMEDIATE DANGER. BUT NOW OUR HORIZONS HAVE DARKENED.

BEFORE ANOTHER CRISIS IS UPON US, IT IS TIME TO ACT.

425. THE UNITED STATES IS READY TO MOVE AHEAD RAPIDLY

IN THIS AREA. SPECIFICALLY, LET US REACH AGREEMENT SOON:

-- ON A FOOD RESERVES GOAL THAT WILL COVER PRODUCTION

SHORTFALLS IN 19 OUT OF 20 YEARS. THIRTY MILLION TONS
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OF WHEAT WILL DO THIS, PROVIDED THE ARRANGEMENTS IN

COARSE GRAINS ARE SUPPORTIVE;

-- ON AN OBJECTIVE STANDARD OR TRIGGER TO RELEASE

RESERVE STOCKS TO PARTICIPANTS,AND TO BRING INTO EFFECT

NEW INCENTIVES TO MAXIMIZE THE AVAILABILITY OF FOOD;

-- ON ASSURED ACCESS TO SUPPLIES FOR THOSE COUNTRIES THAT

PARTICIPATE IN THE RESERVE SYSTEM AND COMPLY WITH ITS

PROVISIONS;

-- ON FULL EXCHANGE OF INFORMATION AND FORECASTS AMONG

MAJOR PRODUCING COUNTRIES TO HELP ALL COUNTRIES PLAN MORE

ADEQUATELY FOR FOOD SHORTAGE.

426. DEVELOPING COUNTRIES HAVE A ROLE IN THE SUCCESS OF

THE INTERNATIONAL FOOD SECURITY SYSTEM. MANY OF THEM ARE

MAJOR PRODUCERS OR CONSUMERS. YET WE RECOGNIZE THE

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PROBLEMS THEY HAVE IN PARTICIPATING FULLY. THEREFORE,

WE PROPOSE TO GIVE THEM SPECIAL HELP IN HOLDING THEIR

PORTION OF A GLOBAL FOOD RESERVE THROUGH FOOD AID OR

FINANCING OF FOOD PURCHASES TO BUILD RESERVES.

427. SUCCESSFUL NEGOTIATION OF A FOOD RESERVE SYSTEM

OF THIS KIND WITH EMPHASIS ON RESERVE STOCKS AND ON BETTER

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MARKET STABILITY COULD BE A MODEL OF HOW INTERNATIONAL

AGREEMENT CAN IMPROVE COMMODITY MARKETS TO THE BETTERMENT

OF BOTH PRODUCERS AND CONSUMERS.

428. THIRD (BEGIN UNDERLINE) OTHER PRIMARY COMMODITIES

(END UNDERLINE).

429. ONE OF THE MOST SERIOUS PROBLEMS AFFECTING

COMMODITIES IS THE NEED TO ASSURE THAT INVESTMENTS TAKE

PLACE TO ENSURE A STEADY, RELIABLE AND GROWING SUPPLY

OF CRITICAL RAW MATERIALS. WITHOUT THIS AVAILABILITY,

THE LONG-RUN DEVELOPMENT OF ALL NATIONS WILL BE HINDERED,

SUPPLY SHORTAGES WILL FRUSTRATE INVESTMENT AND PRODUCTION

PLANS, AND COMMODITY PRICE RISES WILL ADD TO INFLATIONARY

PRESSURES.

430. EVEN THE SERIOUS WORLD-WIDE RECESSION HAS NOT

RELIEVED PRESSURES ON SUPPLIES AND HIGH PRICES FOR SOME

RAW MATERIALS. FOR MOST BASIC RAW MATERIALS, HOWEVER,

THERE ARE NO SHORTAGES NOW AND ARE UNLIKELY FOR TWO OR

THREE YEARS. BUT FOR THESE COMMODITIES, INVESTMENT

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DECISIONS (BEGIN UNDERLINE) NOW (END UNDERLINE) WILL

DETERMINE SUPPLIES FOR MANY YEARS TO COME. THE TECH-

NOLOGY NEEDED TO PROCESS LOWER GRADE ORES AND THE MASSIVE
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FINANCING NEEDED FOR MAJOR RAW MATERIALS INVESTMENTS

MAKE THE LEAD TIMES BETWEEN THE BEGINNING AND COMPLETION

OF INVESTMENTS VERY LONG -- AND THEY ARE GROWING LONGER.

431. THE TRADITIONAL INSTRUMENT OF RAW MATERIAL

DEVELOPMENT -- WHOLLY OWNED PRIVATE FOREIGN INVESTMENT --

IS NO LONGER AS WELCOME, NOR ARE INVESTORS AS INTERESTED,

AS IN THE PAST.

432. THE UNITED STATES THEREFORE PROPOSES THAT THE

WORLD BANK AND ITS AFFILIATES, IN CONCERT WITH PRIVATE

SOURCES ASSUME A MAJOR ROLE IN ENCOURAGING AND PROVIDING

A BETTER ATMOSPHERE TO ASSURE INVESTMENT IN MINERALS IN

DEVELOPING COUNTRIES. THE WORLD BANK GROUP CAN PROVIDE

LIMITED AMOUNTS OF CAPITAL DIRECTLY. BUT MORE IMPORTANTLY,

IT CAN USE ITS TECHNICAL, MANAGERIAL AND FINANCIAL

EXPERTISE TO BRING TOGETHER FINANCING FROM A VARIETY OF

PRIVATE AND PUBLIC SOURCES. WHERE NECESSARY, IT CAN ACT

AS INTERMEDIARY BETWEEN THE PRIVATE INVESTOR AND THE HOST

GOVERNMENT. IT COULD LINK PRIVATE AND PUBLIC EFFORT BY

PROVIDING CROSS GUARANTEES ON PERFORMANCE.

433. EACH ELEMENT OF THE WORLD BANK GROUP SHOULD MAKE

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ITS APPROPRIATE CONTRIBUTION. THUS, WORLD BANK LOANS
COULD FUND GOVERNMENT PROJECTS, PARTICULARLY FOR THE
NEEDED INFRASTRUCTURE, AND THE INTERNATIONAL FINANCE
CORPORATION COULD JOIN PRIVATE ENTERPRISE IN PROVIDING
LOANS AND EQUITY CAPITAL FOR RAW MATERIALS DEVELOPMENT.
THE WORLD BANK GROUP SHOULD AIM AT MOBILIZING PRIVATE AND
PUBLIC CAPITAL IN THE AMOUNT OF $(BLANK) BILLION A YEAR.
THE UNITED STATES WILL SUPPORT A SUBSTANTIAL INCREASE IN
THE CAPITAL OF THE INTERNATIONAL FINANCE CORPORATION FOR
THIS AND OTHER PURPOSES.

434. IN ADDITION, THE UNITED STATES IS PREPARED TO
CONTRIBUTE AND ACTIVELY SUPPORT THE NEW UN REVOLVING FUND
FOR NATURAL RESOURCES EXPLORATION. THIS FUND WILL
SUPPORT EXPLORATION AND EXPLOITATION OF MINERALS. IT
WILL PROMOTE ONE OF THE MOST PROMISING AREAS OF ECONOMIC
DEVELOPMENT.

435. ANOTHER, EQUALLY SERIOUS, PROBLEM CONCERNING RAW
MATERIALS IS SUPPLY AND DEMAND INSTABILITY. AGRICULTURAL
RAW MATERIALS ARE SUBJECT TO SERIOUS FLUCTUATIONS IN
SUPPLY DUE TO THE WEATHER. THERE ARE LARGE FLUCTUATIONS
IN DEMAND RELATED TO THE BUSINESS CYCLE AS WELL. MINERAL

MARKETS ARE PARTICULARLY VULNERABLE TO DEMAND CHANGES

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IN RECESSIONS AND BOOMS.

436. THE RESULTING EARNINGS INSTABILITY INDUCED BY SUPPLY AND DEMAND SHIFTS IN THESE PRODUCTS IS A MAJOR, THOUGH NOT THE ONLY, FACTOR IN THE INSTABILITY OF EXPORT EARNINGS OF DEVELOPING COUNTRIES. THE BASIC ATTACK ON THE COMMODITY PROBLEM MUST FOCUS ON THE VARIABILITY OF EARNINGS, RATHER THAN ON CONTROLLING THE LEVEL OF PRICES. BUT PRICE FLUCTUATIONS CREATE THEIR OWN PROBLEMS -- UNEMPLOYMENT IN RAW MATERIALS INDUSTRIES, REDUCTIONS IN DEMAND AND UNEMPLOYMENT IN RELATED INDUSTRIES, AND COSTLY IDLE CAPACITY.

437. IN THE APPROACH TO COMMODITY INSTABILITY, OUR EMPHASIS WILL BE ON BUFFER STOCKS DESIGNED TO MODERATE THE EARNINGS INSTABILITY THAT IS DESTRUCTIVE TO PRODUCERS AND CONSUMERS ALIKE, RATHER THAN ON PRICE FIXING ARRANGEMENTS. THE OPERATION OF RAW MATERIALS MARKETS CAN BE IMPROVED BY BUFFER STOCKS THAT SMOOTH BOTH PRODUCTION AND SUPPLY.

438. AGAINST THIS FRAMEWORK, THE UNITED STATES HAS MADE

THESE DECISIONS:

(A) -- THE FIRST NEW INTERNATIONAL ARRANGEMENT TO BE CONCLUDED IS TIN. WE SUPPORT EMPHASIS IN THAT AGREEMENT ON BUFFER STOCKS. WE ARE CONCERNED THAT THE PRODUCTION CONTROLS IN THAT AGREEMENT NOT BE USED EXCESSIVELY AND

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ONLY IN EXTREME EMERGENCY SITUATIONS. THE UNITED STATES

WILL SIGN THE AGREEMENT AND SEEK ITS RATIFICATION.

(B) -- WE WILL PARTICIPATE ACTIVELY IN NEGOTIATIONS ON

COFFEE, IN THE HOPE THAT A NEW INTERNATIONAL COFFEE

AGREEMENT WILL REDUCE YEAR TO YEAR SUPPLY VARIABILITY.

MORE THAN A DECADE AGO, WHEN THE COFFEE MARKET WAS NEAR

COLLAPSE, WE HELPED TO KEEP SUPPLY IN APPROXIMATE

BALANCE WITH DEMAND AT REASONABLE PRICES.

(C) -- WE WILL PARTICIPATE ACTIVELY IN COCOA AND SUGAR

NEGOTIATIONS WHEN THEY START, IN THE HOPE THAT HERE TOO

WE WILL BE ABLE TO REACH NEGOTIATED AGREEMENTS -- THAT

REDUCE THE YEAR-TO-YEAR SWINGS IN AVAILABLE SUPPLIES.

THESE AGREEMENTS SHOULD AT THE SAME TIME REDUCE THE RISK

OF INVESTMENT IN THESE INDUSTRIES.

439. THERE IS NO GENERAL RULE THAT APPLIES TO ALL

COMMODITIES. COPPER IS AS UNLIKE COFFEE AS BAUXITE IS
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UNLIKE RUBBER. EACH REQUIRES ITS OWN APPROACH. BUT WE

BELIEVE CONSUMER-PRODUCER FORUMS SHOULD BE ESTABLISHED

TO ENHANCE THE EFFICIENCY, THE GROWTH AND THE STABILITY

OF MARKETS IN ALL KEY RAW MATERIALS. THIS IS PARTICULARLY

IMPORTANT AND URGENT IN THE CASE OF GRAINS, AS I HAVE

OUTLINED. IT IS ALSO URGENT IN COPPER.

(SECTION HEADING) THE POOREST NATIONS
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501. ANY STRATEGY FOR DEVELOPMENT MUST DEVOTE SPECIAL

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ATTENTION TO THE NEEDS OF THE POOREST COUNTRIES.

502. THERE IS NO LIMIT TO THE PROBLEMS THAT THESE

COUNTRIES FACE. THEIR PEOPLE DIE YOUNG, PARENTS CONTINUE

TO HAVE MANY CHILDREN SO THAT A FEW MAY SURVIVE, AND DIETS

CONTINUE TO BE INADEQUATE FOR PRODUCTIVE LIVES. WHATEVER

ECONOMIC ADVERSITY THE REST OF US ENCOUNTER, THEY SUFFER

MOST. WHATEVER PROBLEMS WE HAVE, THEIRS ARE MONUMENTAL.

WHATEVER ECONOMIC CONSEQUENCES FLOW FROM DECISIONS THAT WE

ALL MAKE, AFFECT THEM MOST SEVERELY. IF OUR EFFORT TO

PROMOTE ECONOMIC DEVELOPMENT WORLDWIDE FAILS, THEY WILL BE

SUBMERGED.

503. I AM TALKING ABOUT THE FATE OF ONE BILLION PEOPLE --
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HALF THE DEVELOPING WORLD AND ONE-THIRD OF MANKIND.

504. THE FACTS ARE DEVASTATING: FOR THE LAST FIVE YEARS,

PER CAPITA ;NCOME IN THE POOREST COUNTRIES -- ALREADY BELOW
MINIMAL STANDARDS FOR DEVELOPMENT -- HAS RELENTLESSLY
MINIMAL STANDARDS FOR DEVELOPMENT -- HAS RELENTLESSLY

DECLINED. THEIR ABILITY TO IMPORT BOTH ESSENTIALS FOR

SURVIVAL AND INPUTS FOR GROWTH IS LIMITED BY THE FACT THAT

THEIR EXPORTS ARE CONCENTRATED IN THE LEAST DYNAMIC SECTORS

OF WORLD DEMAND. IT IS THEREFORE THESE COUNTRIES, ON THE

SLENDER MARGIN OF EXISTENCE, WHICH HAVE BEEN MOST CRUELLY

AFFECTED BY THE RISE IN THE COSTS OF OIL, FOOD AND OTHER

ESSENTIAL IMPORTS.

505. NO SOCIAL SYSTEM, IDEOLOGY OR PRINCIPLE OF JUSTICE

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CAN TOLERATE A WORLD IN WHICH BARE SURVIVAL IS THE TOTAL

PREOCCUPATION OF MILLIONS OF HUMAN BEINGS, IN WHICH THE

SPIRITUAL AND PHYSICAL POTENTIAL OF HUNDREDS OF MILLIONS

IS STUNTED, AND IN WHICH WHOLE SOCIETIES PERCEIVE NO HOPE

OF PROGRESS FOR THEMSELVES AND THEIR CHILDREN. NO GLOBAL

DEVELOPMENT PROGRAM HAS MEANING UNLESS THE POOR HALF OF THE

DEVELOPING WORLD IS GIVEN A REAL OPPORTUNITY FOR IMPROVE-

MENT. NO INTERNATIONAL ORDER IN THE MODERN AGE CAN BE
SPOKEN OF AS JUST UNLESS IT EMBRACES AS A FUNDAMENTAL
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PRINCIPLE A GLOBAL CONSENSUS ON THE COOPERATIVE EFFORTS

NECESSARY TO MEET THE NEEDS OF THE POOREST. NOR IS IT

POSSIBLE OVER THE LONG TERM FOR THE VALUES WE CHERISH TO

THRIVE IN OUR OWN COUNTRIES IN A WORLD OF DESPAIR.

506. THE DUTY TO ASSIST THE POOREST FALLS FIRST ON THE

RICHEST. BUT ALL SOCIETIES IN WHICH THERE IS PROGRESS AND

HOPE MUST SHARE THE MORAL RESPONSIBILITY.

507. THE EFFORT TO GIVE SPECIAL HELP TO THE POOREST MUST

BE TWOFOLD. IT MUST LOOK TO THE IMMEDIATE RELIEF OF

SUFFERING AND ELEMENTAL ECONOMIC SECURITY. AND IT MUST

GIVE PREFERENCE TO THESE COUNTRIES' REQUIREMENTS OF CAPITAL

FOR FUTURE GROWTH.

508. (BEGIN UNDERLINE) TO PROMOTE BASIC ECNOMIC SECURITY

(END UNDERLINE), THE UNITED STATES PROPOSED LAST NOVEMBER

THAT WE ESTABLISH A TRUST FUND OF UP TO $2 BILLION FOR

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EMERGENCY RELIEF IN THE INTERNATIONAL MONETARY FUND.
ALTHOUGH OUR PROPOSAL MET WITH WIDE INTERNATIONAL SUPPORT,

NEGOTIATIONS HAVE BEEN STALLED BY A DISPUTE OVER AN UNRE-

LATED ISSUE -- THE ROLE OF GOLD IN THE INTERNATIONAL MONE-

TARY SYSTEM. WE CANNOT LET THIS DELAY CONTINUE. THE

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UNITED STATES IS MAKING A DETERMINED EFFORT AT THE IMF

MEETINGS NOW IN PROGRESS TO BREAK THIS LOG JAM WITH THE

FRENCH. FINAL AGREEMENT SHOULD BE ACHIEVABLE BY JANUARY

IF ALL PARTIES MAKE AN URGENT EFFORT.

509. SECONDLY OUR PROPOSED IMF FACILITY FOR STABILIZING

EXPORT EARNINGS CAN GIVE ADDITIONAL INSURANCE OF BASIC

ECONOMIC SECURITY FOR THE POOREST NATIONS. THE UNITED

STATES PROPOSES THAT UNDER CERTAIN CONDITIONS THE POOREST

COUNTRIES BE ABLE TO CONVERT THEIR LOANS FROM THE NEW

FACILITY INTO OUTRIGHT GRANTS, TO OFFSET SHARP DECLINES IN

EXPORT EARNINGS.

510. THIRDLY, TO COMBAT STARVATION, THERE MUST BE A

DETERMINED INTERNATIONAL COOPERATIVE EFFORT ON FOOD.

(A) -- THE WORLD FOOD CONFERENCE SET A TARGET OF 10 MILLION

TONS OF FOOD AID ANNUALLY. THE UNITED STATES FOOD AID

BUDGET PROVIDES FOR ALMOST (BEGIN UNDERLINE) SIX (END

UNDERLINE) MILLION TONS OF FOOD GRAIN THIS FISCAL YEAR --

SIXTY PERCENT OF THE WORLD TARGET -- AND A TWENTY PERCENT

INCREASE OVER LAST YEAR. OTHER PRODUCERS MUST ALSO PROVIDE

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THEIR SHARE, AND INCREASINGLY SO.

(B) -- ANOTHER MAJOR PRIORITY MUST BE TO REDUCE THE TRAGIC
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WASTE OF LOSSES FROM INADEQUATE STORAGE, TRANSPORT, AND
PEST CONTROL, AFTER HARVEST. TECHNIQUES OF BETTER STORAGE
AND PESTICIDES ARE OFTEN SIMPLE AND INEXPENSIVE; INVESTMENT
IN THESE AREAS COULD HAVE A RAPID AND SUBSTANTIAL IMPACT ON
THE WORLD'S FOOD SUPPLY -- POSSIBLY MATCHING THE CURRENT
TOTAL OF WORLD FOOD AID. THEREFORE WE PROPOSE THAT THE FAO
IN CONJUNCTION WITH UNDP AND IBRD, SET THE GOAL OF REDUCING
THESE POST-HARVEST LOSSES BY 50 BY 1985, AND DEVELOP A
PROGRAM TO REACH IT. INVESTMENT FOR THIS PURPOSE SHOULD
HAVE PRIORITY OVER MANY OTHER USES OF THESE AGENCIES' FUNDS.
511. WE ALSO SHOULD EXPLORE NEW METHODS TO ASSURE MINIMUM
STANDARDS OF HEALTH CARE, INCLUDING FAMILY PLANNING AND
NUTRITIONAL INFORMATION. INTEGRATED DELIVERY OF THESE
BASIC HEALTH SERVICES AT THE COMMUNITY LEVEL, USING LOCALLY
TRAINED PARA-MEDICAL PERSONNEL, IS THE MOST PROMSING AND
EFFECTIVE APPROACH. WE ARE ALREADY WORKING WITH OTHER
NATIONS AND IN COOPERATION WITH THE WORLD HEALTH ORGANIZA-
TION, TO FURTHER DEVELOP THESE METHODS. THE UNITED STATES
IS PREPARED TO SUPPORT A MAJOR EXPANSION OF THIS HUMANI-
TARIAN EFFORT, AND I STRONGLY URGE THE SUPPORT OF ALL

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CONCERNED NATIONS.

512. THE UNITED STATES NOW IS CHANNELING MORE THAN SEVENTY PERCENT OF ITS DEVELOPMENT ASSISTANCE TO THE LOW-INCOME COUNTRIES. MORE THAN SIXTY PERCENT OF THIS YEAR'S PROPOSED PROGRAMS ARE DEVOTED TO FOOD AND NUTRITION, WHICH ARE OF PARTICULAR IMPORTANCE TO THE POOREST.

512(A)BUT THESE PROGRAMS TO ACHIEVE MINIMUM ECONOMIC SECURITY ARE ONLY PALLIATIVES UNLESS WE GO FARTHER. TO BREAK OUT OF THEIR PRESENT STAGNATION TOWARD ECONOMIC GROWTH, THE POOREST COUNTRIES MUST HAVE PREFERENTIAL ACCESS TO CAPITAL ON A LARGE SCALE. THEY HAVE THE LEAST DYNAMIC EXPORTS, BUT THEY LACK THE CAPITAL TO DEVELOP NEW ONES. THEY HAVE THE DIREST NEED FOR FINANCING, BUT THEY HAVE NO ACCESS TO CAPITAL MARKETS AND LITTLE ABILITY TO CARRY GREATER DEBT.

513. EXPANDING FOOD PRODUCTION CAPACITY IN THE POOREST COUNTRIES THEMSELVES WOULD BE A STRATEGIC STEP FOR LONG-TERM GROWTH. IN SOUTH ASIA, FOR EXAMPLE, EXPANSION OF FOOD PRODUCTION BY HALF OF ONE PERCENT WOULD ACCELERATE GROWTH BY THE SAME AMOUNT, PARTICULARLY BY FREEING LIMITED IMPORT FUNDS FOR OTHER USES. EXTERNAL FOOD AID CANNOT POSSIBLY

FILL THE GROWING GAP BETWEEN SUPPLY AND DEMAND IN THE POOREST COUNTRIES. THEREFORE, RESEARCH, TECHNICAL ASSIS-

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TANCE, AND USING THE VAST RESERVES OF UNTAPPED LAND, WATER,

AND MANPOWER IN THESE COUNTRIES, MUST BE DEVOTED TO EXPAND-

ING THEIR OWN FOOD PRODUCTION. WE INTEND TO INTENSIFY OUR

SUPPORT FOR THESE PRIORITIES. PRESIDENT FORD IS THEREFORE

ASKING CONGRESS FOR AUTHORIZATION TO DOUBLE OUR BILATERAL

AGRICULTURAL ASSISTANCE, TO $582 MILLION NEXT YEAR.

514. IN ADDITION, THE UNITED STATES IS NOW PREPARED TO

JOIN OTHER NATIONS IN THE ESTABLISHMENT OF A NEW FUND, AN

INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT, TO MOBIL-

IZE NEW CONCESSIONAL RESOURCES IN THE RICH NATIONS FOR THIS

PURPOSE. PRESIDENT FORD HAS ASKED ME TO ANNOUNCE THAT HE

WILL SEEK AUTHORIZATION OF A DIRECT CONTRIBUTION NEXT YEAR

OF $200 MILLION TO THE FUND -- ON THE ASSUMPTION THAT

OTHERS WILL GENEROUSLY ADD THEIR SUPPORT.

515. AND WE MUST MAKE EVEN GREATER USE OF THE WORLD BANK'S

INTERNATIONAL DEVELOPMENT ASSOCIATION, THE PRINCIPAL MULTI-

LATERAL INSTITUTION NOW CONTRIBUTING TO ECONOMIC DEVELOP-

MENT IN THE POOREST COUNTREIS. IT HAS GREAT POTENTIAL, AND
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CAN DO MUCH MORE. THE UNITED STATES WILL THEREFORE JOIN

OTHER IDA CONTRIBUTORS IN A SUBSTANTIAL REPLENISHMENT OF

ITS RESOURCES, PROVIDED THAT THE OIL EXPORTING COUNTRIES

ALSO MAKE A SIGNIFICANT CONTRIBUTION.

DECISION MAKING

601. WE MUST MAKE CHOICES -- NOT ONLY BETWEEN VARIOUS

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MEASURES OF INTERNATIONAL COOPERATION BUT ALSO ABOUT THE
NATURE OF OUR INSTITUTIONS. THESE CHOICES WILL DETERMINE
WHETHER WE BUILD A STRUCTURE OF DECISION-MAKING THAT
TRULY REFLECTS OUR MUTUAL INTERESTS, RESPONSIBILITIES
AND OPPORTUNITIES OR WHETHER WE DRIFT INTO A SYSTEM
DOMINATED BY "VICTORIES" AND "DEFEATS" AND IN WHICH
PROCEDURES ARE WEAPONS RATHER THAN HELPFUL TOOLS.
602. THE HEART OF THE DILEMMA IN DEVELOPING A TRULY
EQUITABLE DECISION-MAKING PROCESS IS THIS. EACH OF OUR
COUNTRIES UNDERSTANDABLY WISHES A FULL VOICE IN ALL
DECISIONS AFFECTING ITS OWN FUTURE. BUT WE MUST CO-
EXIST IN A WORLD OF GREAT DISPARITY IN POWER AND
RESOURCES, WHERE STATES WISH AND REALISTICALLY MUST
HAVE A VOICE IN ECONOMIC DECISIONS COMMENSURATE WITH
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THEIR RESOURCES AND THEIR NEEDS. THE PROBLEM, THEREFORE,
IS TO BRIDGE THESE TWO DEMANDS.
603. TO ACHIEVE THIS, I SUGGEST FIVE FUNDAMENTAL
PRINCIPLES WHICH, IF BROADLY ACCEPTED, WILL FACILITATE
OUR COOPERATIVE ENDEAVORS.
604. FIRST, FOR ALL OUR INSTITUTIONS THE GOAL MUST BE
TO ENCOURAGE COOPERATION AND BUILD ON COMMON INTERESTS.
DEVELOPED AND DEVELOPING NATIONS, PRODUCERS AND CONSUMERS,
THE RICH AND THE POOR CAN ACHIEVE A GREAT DEAL IN THEIR
MUTUAL BENEFIT. BUT WE CANNOT DO SO IF OUR COMMON

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INTERESTS ARE SUBMERGED BY PREOCCUPATION WITH PERCEIVED

DIVISIONS AND PROCEDURAL CONFLICTS.

605. SECOND, DECISION-MAKING SHOULD TAKE INTO ACCOUNT

THE POSITIONS OF ALL COUNTRIES AND ENSURE PARTICIPATION

WHICH RECOGNIZES THEIR RELATIVE INFLUENCE AND DEGREE OF

INTEREST. THE DECISIONS OF THE FEW CAN HAVE PROFOUND AND

ADVERSE CONSEQUENCES FOR THE MANY. THIS IS TRUE IN THE

CASE OF OIL AS IN OTHER SECTORS OF INTERNATIONAL TRADE

AND MONETARY AFFAIRS. DECISIONS IN AREAS BASIC TO THE

WELFARE OF NATIONS CAN ONLY BE ASSURED OF SUPPORT IF THOSE

NATIONS PARTICIPATE IN THEM.

606. THIRD, NO COUNTRY SHOULD BE ASKED TO ACCEPT THE

IMPOSITION ON IT OF ECONOMIC DECISIONS CONTRARY TO ITS

VITAL INTERESTS; BUT EACH COUNTRY SHOULD PURSUE ITS

INTERESTS IN THE MANNER MOST CONSISTENT WITH THE SHARED

GOALS OF THE INTERNATIONAL COMMUNITY.

607. FOURTH, THERE MUST BE A VARIETY OF DECISION-MAKING

PROCEDURES WITHIN THE OVERALL SYSTEM. THE OBJECTIVES

AND THE TASKS CONFRONTING US IN THE REALM OF GLOBAL

ECONOMIC COOPERATION ARE TOO VARIED TO BE SERVED EQUALLY

WELL BY A SINGLE SET OF RULES. AT SOME STAGES AND FOR

SOME ISSUES, IT WILL BE APPROPRIATE TO SEEK BROAD

CONSENSUS IN UNIVERSAL BODIES, AS WE ARE DOING TODAY IN

THIS ASSEMBLY. AT OTHER TIMES IT WILL BE NECESSARY TO

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FOCUS NEGOTIATIONS IN LIMITED BODIES. SOME OTHER
SUBJECTS WILL BEST BE HANDLED IN LARGE SPECIALIZED
BODIES, LIKE THE INTERNATIONAL MONETARY FUND AND THE
WORLD BANK, WHERE DECISIONS ARE TAKEN BY WEIGHTED VOTING.
AND STILL OTHERDECISIONS MAY BE MADE MORE APPROPRIATELY IN
THE REGIONAL CONTEXT. IN WORKING TO IMPROVE THE EXISTING
STRUCTURE WE MUST ACCEPT AND UTILIZE ALL THE OPPORTUNITIES
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WHICH THIS VARIETY AFFORDS.
608. FIFTH, THE STRUCTURE MUST CONSTANTLY EVOLVE.
INSTITUTIONS MUST BE OPEN TO REFORM AND BE RESPONSIVE TO
CHANGE. UNDERLYING ECONOMIC REALITIES, SUCH AS THE SIZE
OF ECONOMIES, PARTICIPATION IN WORLD TRADE, AND FINANCIAL
CONTRIBUTIONS, MUST HAVE THEIR WEIGHT. ASSESSED IN THIS
WAY, INFLUENCE AND VOTING POWER CANNOT BE CONSTANT OVER
TIME; THEY MUST CHANGE AS THE UNDERLYING REALITY CHANGES.
THIS HAS BEEN THE GUIDING PRINCIPLE OF TWO VERY SUCCESSFUL
ORGANIZATIONS: THE INTERNATIONAL MONETARY FUND AND THE
WORLD BANK. BOTH ADJUST QUOTAS PERIODICALLY ON THE BASIS
OF OBJECTIVE CRITERIA. FOR THIS REASON, THE QUOTAS OF OIL
PRODUCING STATES WILL SOON BE DOUBLED IN THE IMF, PERHAPS
INCREASED EVEN MORE IN THE WORLD BANK.
609. WE STAND ON THESE PRINCIPLES NOT ONLY IN THE CONTEXT
OF INTERNATIONAL FINANCIAL INSTITUTIONS BUT IN A WIDE
VARIETY OF DECISION-MAKING BODIES:

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-- IN PRODUCER-CONSUMER COMMODITY INSTITUTIONS;

-- IN THE FOOD RESERVES AGREEMENT; AND

-- IN THE UPCOMING DIALOGUE BETWEEN DEVELOPED AND

DEVELOPING COUNTRIES.
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610. BUT MOST RELEVANT TO OUR DISCUSSION THIS WEEK IS

THE IMPROVEMENT OF THE UN SYSTEM, SO THAT IT CAN BE A

MORE EFFECTIVE INSTRUMENT OF ECONOMIC COOPERATION IN

FULFILLMENT OF ITS CHARTER MANDATE "TO EMPLOY INTER-

NATIONAL MACHINERY FOR THE PROMOTION OF THE ECONOMIC AND

SOCIAL ADVANCEMENT OF ALL PEOPLES." THE RECOMMENDATIONS

MADE BY THE SECRETARY-GENERAL'S GROUP OF 25 EXPERTS ARE

AN IMPORTANT CONTRIBUTION TO THE TASK OF RESTRUCTURING

THE UNITED NATIONS.

611. IN OUR VIEW, AN IMPROVED UN ORGANIZATION SHOULD

INCLUDE:

-- RATIONALIZATION OF THE UN'S FRAGMENTED ASSISTANCE

PROGRAMS;

-- STRENGTHENED LEADERSHIP WITHIN THE CENTRAL SECRETARIAT

AND THE ENTIRE UN SYSTEM FOR DEVELOPMENT AND ECONOMIC

COOPERATION;

-- MAJOR STREAMLINING OF THE ECONOMIC AND SOCIAL COUNCIL;

-- BETTER CONSULTATIVE PROCEDURES TO ENSURE EFFECTIVE

AGREEMENT AMONG MEMBERS WITH A PARTICULAR INTEREST IN A

SUBJECT UNDER CONSIDERATION; AND

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-- A MECHANISM FOR INDEPENDENT EVALUATION OF PROGRAM

IMPLEMENTATION.

612. THE TIME AVAILABLE AT THIS SESSION WILL NOT PERMIT

SETTLEMENT OR EVEN THOROUGH REVIEW OF THESE COMPLEX

PROPOSALS. THEREFORE, I WOULD SUGGEST THAT 1976 BE

DEDICATED AS A YEAR OF REVIEW AND REFORM OF THE ENTIRE

UN DEVELOPMENT SYSTEM. AN INTERGOVERNMENTAL COMMITTEE

SHOULD BE ESTABLISHED AT THIS SESSION TO BEGIN WORK

IMMEDIATELY ON RECOMMENDATIONS FOR CONCRETE STEPS WHICH

COULD BE TAKEN BY THE GENERAL ASSEMBLY IN ITS 1976 SESSION.

THE UNITED STATES WILL CONTRIBUTE TO THIS TASK IN A

POSITIVE SPIRIT. WE CONSIDER THIS A PRIORITY IN ANY

STRATEGY FOR DEVELOPMENT. MAW

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